

OHIO MEDICAID ASSESSMENT SURVEY

2012

Taking the pulse of health in Ohio

2012 UPDATE ON PUBLIC-PRIVATE SUBSTITUTION AMONG ADULTS IN OHIO MEDICAID

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INTRODUCTION

This brief addresses the potential for crowd-out/substitution for Ohio Medicaid, given the enactment of federal health care reform. The analysis addresses survey respondents 19-64 years of age. Crowd-out/substitution is generally understood as an event where a privately insured individual moves to a government-sponsored health care coverage option. Crowd-out/substitution can also include individuals currently enrolled in Medicaid who have an option for enrolling in employer-sponsored coverage. In these instances, these individuals make the decision for Medicaid coverage. To address the potential for crowd-out/substitution for potential Medicaid expansions, this brief uses the 2012 Ohio Medicaid Assessment Survey and the 2010, 2008, and 2004 Ohio Family Health Surveys (OFHS) to estimate the scope of substitution for current adult Medicaid enrollees in Ohio.

DEFINITION OF SUBSTITUTION

In any study of substitution/crowd-out, it is important to distinguish between voluntary and involuntary substitution. Due to Medicaid's role as a safety net program, much substitution of public insurance for private coverage will be involuntary, with loss of employment being the predominant reason for involuntary substitution. This brief follows previous state level work by defining voluntary substitution as cases where new adult Medicaid enrollees (1) had private insurance immediately prior to their Medicaid coverage and (2) are still eligible for an employer-sponsored group plan (employer-sponsored insurance

or ESI). In this study, substitution only refers to the initial transition onto Medicaid. The broader concept of crowd-out includes substitution and adds individuals who stay on Medicaid when an employer offer becomes available. A more detailed discussion is available in Seiber and Sahr (2011).

SUBSTITUTION AMONG CURRENT ADULT MEDICAID ENROLLEES IN OHIO

In 2012, 17.2% (25,089) of adults enrolled in Medicaid for less than one (1) year reported having private insurance immediately prior to Medicaid – new Medicaid enrollment was 145,997. However, this 17.2% should be interpreted as an upper bound estimate of private to public substitution since it includes both voluntary and involuntary transitions to Medicaid. Of these involuntary transitions, unemployment explains most of the movement from private to public coverage. Of these new Medicaid enrollees:

- 16,833 (11.6%) had experienced a job loss and were unemployed at the time of the interview; and
- 3,804 (2.6%) who moved from private coverage to Medicaid were estimated to be eligible for an employer-sponsored group plan through their own employer. Adjusting for the availability of spousal employer-sponsored coverage increases the estimate to 3.0%.

Table 1. Adults enrolled in Medicaid within the last 12 months, excluding dual eligible.

	2004		2008		2010		2012	
	Percent & Count	Std. Error	Percent & Count	Std. Error	Percent & Count	Std. Error	Percent & Count	Std. Error
Number of Respondents	773		684		101		260	
Switched to Medicaid from:								
Any Private	28.7% (46,738)	2.2% (3,835)	19.0% (26,085)	2.2% (2,982)	26.0% (33,318)	5.2% (6,989)	17.2% (25,089)	2.9% (4,275)
Employer-sponsored Insurance	25.1% (41,015)	2.1% (3,544)	17.5% (23,662)	2.1% (2,871)	24.9% (31,986)	5.2% (6,996)	16.7% (24,313)	2.9% (4,270)
Other Private	3.5% (5,723)	1.0% (1,661)	1.5% (2,423)	0.7% (893)	1.0% (1,332)	0.7% (870)	0.5% (776)	0.3% (436)
Switched from Any Private and Unemployed Respondent	16.3% (26,752)	1.7% (2,869)	12.6% (17,219)	2.0% (2,615)	17.8% (22,827)	4.5% (5,981)	11.6% (16,833)	2.4% (3,610)
and Zero Worker Household	12.6% (20,705)	1.6% (2,627)	10.0% (13,216)	1.8% (2,316)	7.7% (9,932)	2.5% (3,056)	9.2% (13,448)	2.2% (3,280)
and Self-employed	1.2% (1,875)	0.5% (881)	0.4% (842)	0.2% (416)	0.1% (169)	0.1% (169)	1.3% (1,937)	1.0% (1,401)
and Employer offers ESI	9.1% (14,774)	1.5% (2,558)	4.5% (5,864)	1.1% (1,344)	6.4% (8,159)	3.0% (3,974)	3.9% (5,606)	1.4% (1,993)
and ESI Eligible	4.0% (6,484)	0.8% (1,340)	2.6% (3,244)	0.9% (1,161)	3.3% (4,182)	2.2% (2,873)	2.6% (3,804)	1.2% (1,681)

CONCLUSION

The best measure of public-private substitution examines voluntary substitution, or the percent of Medicaid beneficiaries that could have actually enrolled in private group insurance instead of Medicaid. After accounting for access to an employer-sponsored group plan, 2.6% of adult Medicaid enrollees in 2012 voluntarily switched from private coverage to Medicaid. Table 1 indicates that equivalent calculations produce substitution estimates of 3.3%, 2.6%, and 4.0% for 2010, 2008, and 2004, respectively. Differences between years should be interpreted cautiously. For instance, the 2010 OFHS was an interim survey with a reduced sample size, giving less precision in the substitution estimate. The 2012 substitution estimate is not significantly different from previous years.

In summary, voluntary crowd-out/substitution is a modest problem among current adult Medicaid enrollees in Ohio. Most Ohio Medicaid enrollees who previously had private insurance lost that plan due to job loss. Of new Medicaid enrollees 3,804 (2.6%) were eligible for an employer-sponsored plan in 2012. In the context of healthcare reform, we can expect similarly low voluntary crowd-out for childless adults in poverty. However, crowd-out/substitution should be higher as income thresholds increase to populations with more access to employer-sponsored plans. Even with employer-sponsored insurance eligibility at 27% for workers between 90% - 138% FPL, compared to 14% those under 90% FPL, voluntary crowd-out/substitution should remain low.

More information about OMAS, including the data and electronic versions of reports and research briefs, are available online at: <http://grc.osu.edu/omas/>

References

Seiber EE and Sahr TR (2011). "Public-Private Substitution among Medicaid Adults - Evidence from Ohio". *Medicare and Medicaid Research Review*, v1(1).